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19 October 1951

CIA No. 49392

Copy No. 143

DAILY DIGEST

State Department, USAF reviews completed

NAVY and PACOM review(s) completed.

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

DIA review(s) completed.

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SECTION 1 (SOVIET)

1. USSR. Comment on Kirk-Vyshinsky exchange regarding Korea: The Soviet reply on 15 October to Ambassador Kirk's 5 October statement adhered to the Communist attitude on the Korean armistice line. Vyshinsky elaborated that the question of the "line at which armed forces of both sides will be located after termination of military activity ... is organically connected with the question of termination of military action and consequently cannot be passed over in armistice negotiations."

Both the contents of the note and Soviet publication of the exchange suggest that, as in the case of the Smith-Molotov statements in May 1948, the USSR is attempting to obtain maximum propaganda exploitation. Vyshinsky ended with a protestation of Soviet willingness to examine "with the participation of the US Government all important and unsettled questions" including measures for the improvement of US-Soviet relations.

The only observable shift in the Communist attitude since Kirk's approach pertains to the site for the Korean talks. Subsequent to Kirk's explanation regarding the unsuitability of Kaesong, the Communists agreed to discuss a more neutral zone.

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3. POLAND. Poles demand ships and dollars from Denmark in exchange for coal: A Danish foreign office official reports that Poland has asked

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for five 10,000 ton freighters and three tankers in exchange for coal in the negotiations now being conducted for next year's trade agreement. In addition Poland has demanded that partial payment for the coal be made in dollars. The Danes now pay for 27 percent of these purchases in sterling and the Poles want half of this to be changed to dollars.

The Danes have offered to deliver some auto spare parts immediately for one-half of the 500,000 tons of coal still due Denmark under the current agreement. However, shipment of the remainder of the spare parts due Poland is contingent on the coal deliveries to Denmark being completed before 1 January.

The Danish official refused to consider the Polish demand for tankers and told the Poles that the freighter request was too high. He also reported that in reply to the Danish demand for the delivery of the remaining 500,000 tons of coal before January first, the Poles stated the coal could not be delivered too quickly and that the delivery period would have to be prolonged because of a lack of coal.

Comment: The Poles will undoubtedly continue to press for the freighters and tankers. The Polish claim that they lack coal for immediate delivery suggests that they are facing or anticipating a shortage. It is known that the demands of the Soviet bloc for Polish coal have been rising steadily since 1950, while Polish coal production has not kept pace. Maximum exports of Polish coal to Western Europe during 1952 probably cannot exceed 10 million tons although the Poles may commit themselves for more.

5. YUGOSLAVIA. Visit of Radio Free Europe representatives to Belgrade unsuccessful: Representatives of Radio Free Europe who recently visited Belgrade do not consider that their visit accomplished much. Although they were received politely by officials of the Yugoslav

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radio, they were unable to contact higher personages in the government.

The Yugoslav officials agreed to consider an invitation to visit Radio Free Europe in Munich as well as an offer of technical assistance for the installation of the two new RCA transmitters ordered by the Yugoslavs. The Yugoslav officials stated that they monitored Radio Free Europe and thought that it was doing good work in Bulgaria and Hungary, but that it was "anti-Communist." The US Embassy in Belgrade is of the opinion that the visit was useful in "breaking the ice."

Comment: The Yugoslav Government has thus far shown little or no interest in cooperating with the Western program for propaganda penetration of the "Iron Curtain."

6. Zagreb Peace Congress may contain anti-Western undertones: The basic purpose of the Yugoslav Peace Congress at Zagreb will be to counteract the Cominform Peace Movement and to expose the phony Cominform Peace Campaign. Ambassador Allen believes, however, that there will be several speeches unfavorable to the West but he has no reason to think that Yugoslav directors are planning to turn the Congress into a sounding board for neutralism.

Allen feels that the most disturbing aspect of the Congress will be the activities of the British Titicist, Zilliacus, who has been vacationing in Yugoslavia for the past six months. There is good reason to believe that he has been warning Tito and Djilas not to trust US military and political advisers on the grounds that US imperialism is as dangerous as the USSR's. The Ambassador believes that Zilliacus will adopt the same line at Zagreb.

Comment: The Yugoslav Committee for the Defense of Peace is sponsoring the International Peace Congress in Zagreb October 23-26. Approximately 150 delegates representing 18 countries will attend. Pastor Niemoller from Germany, Ignazio Silone from Italy, Cassou of France, and Zilliacus from the UK have accepted invitations suggesting that the Congress may show strong neutralist sentiments. The major emphasis, however, will undoubtedly be on the thesis that the equality of nations in the free world permits peaceful co-existence, whereas Soviet domination of nations is a threat to peace.

The Yugoslav Government hoped to obtain a large representation of Western labor, religious and cultural groups. US representation will be small, however, since most American organizations, including the labor unions, have refused to accept invitations.

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SECTION 2 (EASTERN)

1. GREECE. Greek Government again proposes cancellation of British Police Mission: Greek Prime Minister Venizelos has notified the British Embassy that his government does not intend to prolong the contract of the British Police Mission, which expires on 11 January 1952, because of Greek budget economies and a diminished need of its services by the Greek police. The British Embassy considers retention of the mission very desirable and is recommending that London request prolongation, regardless of the Greek Treasury's desire to save the 50,000 pound annual cost. In response to the British Charge's inquiry, the US Embassy said it would be disposed to support such a request. [REDACTED]

Comment: The Greek Government previously proposed the withdrawal of the British Police Mission because of lack of funds. The Mission, however, has provided a useful service in Greece, and its continuing supervision of the Greek Gendarmerie is particularly important at this time in view of the proposed broad amnesty measures which would release many Communists from prison. In addition, US officials find considerable value in the Mission's objective reports on areas where the US Embassy has no coverage.

2. IRAN. New Governor-General appointed for Azerbaijan: Mohammad Sajadi, former Governor General of Khorassan, has been appointed the Governor General of Azerbaijan, succeeding General Shahbakhti who held the post for three days. General Shahbakhti now holds only the post of Commander-in-Chief of the military forces in Azerbaijan. [REDACTED]

Comment: The appointment of Sajadi, an influential Nationalist, provides still another example of the National Front's policy of securing strategic political positions for its sympathizers prior to the elections.

3. INDIA. Congress Party victor in Delhi elections: The Congress Party won 42 of 50 seats in the Delhi municipal elections on 15 October. The Jan Sangh and the Hindu Mahasabha, two extremely rightist parties which had formed an electoral alliance, won five seats and the Independents three. The Communists and the Socialists won no seats. The rightist group had been expected to present strong opposition to the Congress Party.

This election was the first in India to be held under universal suffrage, and it is considered a good indication of what might be expected in the national elections scheduled for late December and early January 1952. [REDACTED]

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9. Chinese Nationalists agree to reduce time spent in political training of Armed Forces: In an interview on 6 October with General Chase, Chief of the US Military Assistance and Advisory Group on Formosa, Chiang Ching-kuo, eldest son of Chiang Kai-shek and Chief of the Political Department of the Ministry of National Defense, agreed to reduce the time spent in the political training of Chinese Nationalist troops from 15-25 percent to 10 percent. Chiang stated that "the unit commanders are solely responsible for disciplinary control of the troops" and the commanders have no reason to fear the political officers. He pointed out that 12,000 US dollars per month were being spent by the Political Department this year for "recreational educational activities," to which General Chase replied that he felt more emphasis should be placed on promoting esprit de corps.

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Comment: Previously General Chase requested the complete elimination of the Political Department, stating that it provided a barrier to the reorganization of the Armed Forces, with which he is charged. Other reports have indicated that the political officers in the Armed Forces wield the real power through a system of reporting to Chiang Ching-kuo's secret services all the activities of the unit commanders.

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10. Four-engine bombers in Manchuria, say two sources: The Chinese Nationalist Ministry of National Defense reports that in mid-August there were TU-4 bombers (Soviet copy of the US B-29) at Mukden.

Comment: Reports of four-engine aircraft in China were more persistent earlier this year than in recent months. None of these reports has been confirmed, and it is unlikely that any such aircraft are permanently based in China.

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11. KOREA. Russian tank equipped with multiple rocket launchers reported in Wonsan area: [redacted] "Russian tanks said to be 105 type equipped with Katusha rocket launchers are located (just southeast of Wonsan)." The US Navy notes that ROK marines on the island of Hwangt'o have received "mortar fire" from the reported position of these tanks. [redacted]

Comment: No Soviet tank is known to be equipped with either a 105 mm gun or rocket launchers. It is possible, however, that the viewer might have mistaken a Soviet SU-100 self-propelled gun for the armor described. Although no such guns have been identified in Korea, the USSR supplied the North Koreans with a number of SU-76 self-propelled guns, and it is entirely possible that the heavier caliber piece has also been supplied.

12. Communists may be using rockets for early warning system: On the night of 12 October a UN light bomber above Sunchon, northwest of Pyongyang, observed an unidentified aircraft proceeding west at an estimated 300 MPH. As the UN aircraft came over Anju, farther to the northwest, red rockets fired from the ground burst three to four miles from the UN aircraft. The enemy aircraft came no closer than 3,000 feet and made no passes.

The US Fifth Air Force comments that the rockets observed were "possibly utilized as a signal flare to warn of UN intruders in the area" and could also have been "one step further in an attempt to vector a night interceptor into the UN aircraft." [redacted]

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Comment: The Communists have been making an increasing effort to protect their vital main supply route which runs through this area. During the day, Communist jet fighters have made the UN supply interdiction program more difficult, and it may be anticipated that the level of night interceptions may also increase to some extent.

13. Communists claim US will use Communist PWs in tactical A-bomb tests: A 17 October North Korean propaganda broadcast directed to the Korean people indignantly protests the "unpardonable criminal act of kidnapping 500 prisoners of war from the Korean front in order to use them as human guinea pigs in atomic tests." [redacted]

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Comment: This is a further step in the Communist "atrocities campaign" against the US, which has previously included charges of biological and chemical warfare. Such a campaign can be expected to enjoy considerable success among the Korean people and military personnel.

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14. North Koreans felicitate Stalin on third anniversary of establishment of diplomatic relations: On 11 October the North Korean radio broadcast greetings to Premier Stalin from Premier Kim Il Sung and Foreign Minister Pak Hun Yong on the third anniversary of the establishment of diplomatic relations between North Korea and the Soviet Union. The messages uniformly paid homage to the USSR's part in establishing North Korea as "a member of the peace-loving peoples of the world." [redacted]

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Comment: While such congratulatory exchanges have become routine among the Satellite countries, it may be noteworthy that no reciprocal message from Stalin has been publicized by the North Koreans as of 17 October, five days after the anniversary.

15. JAPAN. Prime Minister claims immediate rearmament impossible: During Diet interpellations on 15 October, Prime Minister Yoshida stated that Japan's "national capacity" did not permit immediate rearmament, according to Japanese press reports. The Prime Minister added that "if the step were necessary, it should be thorough." [redacted]

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Comment: Yoshida has consistently maintained that Japan's economic rehabilitation must have priority over rearmament, but that Japan must eventually assume responsibility for its own defense. According to recent public opinion polls, this sentiment is shared by a majority of the Japanese people.

16. Yoshida sees eventual return of Ryukyus: The Japanese press reports that Prime Minister Yoshida, during the Diet interpellations on 15 October, stated that "US authorities told me" that the Ryukyus and Bonin Islands would be restored to Japan when the threat of aggression against Japan has disappeared. He also stated that the Kuriles and South Sakhalin are historically part of Japan, and their renunciation in the peace treaty might not be final. [redacted]

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Comment: By playing up prospects for the eventual return of these islands, Yoshida apparently hopes to soften criticism against the territorial clauses of the peace treaty, which will be a principal point of attack by the opposition parties during the current Diet session.

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SECTION 3 (WESTERN)

1. GERMANY. Influence of West German Communist Party at postwar low: The West German Communist Party (KPD) is weaker now than at any time in postwar history, and as an overt political force it has little, if any, direct influence outside its own ranks. The number of its members has dwindled steadily and now is an estimated 115,000. Communist electoral strength has declined to about five or six percent of the voting population (approximately one million votes) at which level it will probably remain constant. In the Bundestag, the fourteen KPD deputies are kept from most committee assignments and have no influence on legislative enactments. Unable to achieve political success in its own name, the KPD from time to time channels its propaganda through a variety of mass organizations, most of which are thinly disguised images of the KPD and arouse little popular enthusiasm. The two most important of these organizations, the Free German Youth (FDJ) and the Association of Persecutees of the Nazi Regime (VVN), have been banned by the West German Government.

Organizationally, the KPD has been increasingly dominated by the East German Socialist Unity Party (SED), with the result that the KPD retains independence in name only. It is obvious that actual control has passed out of the hands of the titular KPD leaders and that the greater portion of party activity is planned and supervised by the appropriate section of the SED. The KPD Central Committee has been reduced to an SED coordinating staff for Communist operations in West Germany. In March 1951 many old-line KPD functionaries were dismissed from office and replaced by younger, relatively unknown men who received their training as PW's in Soviet Antifa schools or in the Soviet Zone under SED tutelage.

Supervised by the SED, the KPD, despite its political weakness, retains certain capabilities inimical to West German and US security interests. These capabilities lie primarily in the field of clandestine intelligence operations, including espionage and plans and training for sabotage.

[redacted] there is no indication that a widespread clandestine KPD network has been developed.

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25X1 The KPD also retains the capability of creating minor unrest in West Germany by conducting "whispering campaigns" designed to intimidate and unnerve the population, and by staging abortive but potentially dangerous local riots against the police. It is noteworthy in this connection that the government ban of the FDJ has restricted but has not stopped its activities.

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2. FRANCE. French favor strong stand in Near East: France strongly supports the British stand in defense of the Suez Canal and favors continuance of efforts to establish the Middle East Command regardless of the Egyptian rejection. A Foreign Office spokesman states that his government is informing the British of this position in answer to Morrison's statement to the US and France that Britain is determined to remain in the Canal Zone. The French want to keep open the sea routes to Indochina, and they are anxious to check the Egyptians before French North Africa is affected.

Comment: French insistence on a unified Western policy in the Near East increases as the situation there becomes more threatening for all Western interests in the area. While the French are concerned over their investments in Iraq and the Suez Canal, their chief worry seems to be the implications for North Africa of an increasingly aggressive Arab nationalism.

4. AUSTRIA. Government proposes counterpropaganda move on World Peace Council meeting: The Austrian Cabinet has decided to issue a strong statement on the meeting of the World Peace Council in Vienna, scheduled for 1 to 5 November. The statement will assert that the Council is unwanted and

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uninvited, and that no Austrian should associate himself with this Soviet-controlled movement.

Foreign Minister Gruber has requested US cooperation in a propaganda campaign exposing Soviet militarism and Satellite remilitarization, to be followed by a "silent treatment" of the Council meeting itself. The Austrian Government feels that this will be a more useful countermove than public demonstrations. [REDACTED]

Comment: The Austrian Government has expressed increasing concern over the tendency of the international Communist movement to choose Vienna as a center for its activities, and apparently hopes that an unfriendly reception may reverse this trend. The presence of the Soviet occupation forces handicaps the government in a more effective resistance.

5. Soviets seize US information pamphlets: Austrian police, at Soviet instigation, have confiscated from a Vienna bindery 600,000 copies of a pamphlet contracted for by the US Information Service. The bookbinder and his wife are held at disposal of the Soviet forces; the printer, who subcontracted the binding job to a firm in the Soviet sector without US knowledge, eluded efforts of police to lure him into the Soviet sector. The pamphlet contained maps of Soviet slave labor camps compiled by the American Federation of Labor and will be reprinted to take advantage of current publicity. [REDACTED]

Comment: The Soviet authorities, always sensitive to charges of exploitation of the working class, would be particularly sensitive to such publicity on the occasion of the forthcoming Soviet-sponsored World Peace Council meeting in Vienna. The episode is significant, furthermore, of the Soviet's continuing capacity to control segments of the Austrian police within their own sector.

6. NETHERLANDS. Dutch protest US criticism of its defense effort: The Netherlands, following Denmark's lead, is objecting to the US view, publicly stated by the US director of MDAP, terming the Dutch defense effort inadequate. Irrespective of the merits of the Director's appraisal, the Dutch are offended because a NATO group is now meeting in Paris to determine a formula on the apportionment of a defense contribution. In addition, the Netherlands Government specifically resents the listing of Dutch defense expenditures for the current year at 525 million dollars, a US estimate of what the Dutch should do. The defense budget actually is about 390 million dollars, and with the addition of counterpart funds for defense will total about 430 million dollars. [REDACTED]

Comment: Previously the Dutch have been irritated at the US for its reference to the larger defense figure in international conferences, a

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figure the Dutch had rejected as politically and economically unfeasible. No increase above the yearly 390 million dollar figure is planned during the period of the Medium Term Defense Program. US-Dutch negotiators have been faced continually with this "honest difference" on the amount the Dutch could contribute to rearmament.

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7. ITALY. US Embassy in Rome urges Italy's inclusion in US-UK-French consultations regarding participation in Moscow international economic conference: The US Embassy in Rome fears that failure to include Italy in the proposed US-UK-French consultations regarding participation by Western European countries in the forthcoming international economic conference at Moscow may weaken Italian support of the tripartite powers' position. The Embassy believes that the Italians would resent such exclusion as a blow to their national pride and further evidence of "Big Three dictation" within the Western community. To illustrate the need for the closest possible coordination among the Western European countries in meeting Soviet propaganda onslaughts, the Embassy emphasizes the "obvious desirability" of preventing Western representation at the World Peace Council meeting in Vienna 1 November. [redacted]

Comment: Exclusion of Italy from the top policy-making levels of NATO, while irritating to the Italians, has not weakened their support of NATO policies. It is not clear how close coordination among the Western European countries vis-a-vis the USSR would prevent Western representation at the Vienna meeting. Certainly Italian participants would be mainly militant pro-Communists whose activities would not be affected by the foreign policy of Western governments. Despite the legal restrictions placed on the trips of Italians to destinations in Soviet-controlled areas, the Italian Government has not been able to prevent Communists from visiting Iron Curtain countries.

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8. UNITED KINGDOM. US hopes UK position on arms aid to Austria may be reviewed after the general election: The US State Department has again suggested that an effort be made to reverse the UK decision not to make equipment available to the Austrian air force on a grant basis, as is being done for military equipment to Yugoslavia. [redacted] The US Embassy in London considers it inadvisable to raise the question until after the coming general election. [redacted]
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Comment: A firm decision on this matter is required principally by the Defense Department which must prepare plans and initiate a training program for the Austrian air force if the British will not. It is unlikely that the British would be willing to reconsider this question before the election.

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9. ARGENTINA. Note to Uruguay questions terms of asylum for military exiles:

In a polite note to the Uruguayan Embassy, the Argentine Government expressed its desire to call attention to two points concerning the Argentine military exiles in Uruguay: (1) Argentina is not a party to the Havana Convention on the right of asylum, and (2) there was no civil war in Argentina at the time the military exiles fled to Uruguay. [redacted] 25X1

[redacted] the second point is contrary to Argentina's declaration of a state of internal war. [redacted] 25X1

[redacted] the note may be leading up to an Argentine request for the extradition of the exiles or to a refusal to pay for their upkeep, which is costing Uruguay 10,000 pesos monthly. [redacted] 25X1

Comment: Uruguay has interned the Argentine military exiles in the interior of the country in an effort to follow a "correct" attitude regarding asvium and to avoid aggravating already strained relations with Argentina

[redacted] There is no indication of the extent to which Argentina intends to follow up the protest implied in its note. 25X1

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SECTION 3 (WESTERN)

1. GENERAL. Early Libyan independence seen as possible new grounds for criticizing West: The US Embassy in London considers that recent Near Eastern developments may make unwise the British proposal to grant independence to Libya prior to the next meeting of the UN General Assembly. The Embassy thinks that the US, Great Britain and France may be placed in a difficult situation in the General Assembly if they are forced to explain the coincidence between early independence and the announcement of military negotiations with Libya.

25X1 The UN Commissioner for Libya is opposed to giving the Libyans independence by 1 November on the grounds that they are not ready to assume such responsibility. [REDACTED]

Comment: The General Assembly resolution on Libya states that independence is to be granted by 1 January 1952. Both France and Britain, administering powers, admit that the level of political development will cause difficulties whenever independence is granted. However, they have favored early independence in an effort to forestall an anticipated Egyptian campaign in the General Assembly to have the period of Libyan tutelage extended in the hope of being able to undermine Western influence.

In spite of the fact that the Libyans are pressing for independence, and that the West in order to secure military facilities is anxious to capitalize on their pro-Western disposition, the current Egyptian attack against British treaty rights at Suez and the French position in Morocco will make Britain and France receptive to the suggested postponement of Libyan independence.

2. UNITED KINGDOM. British determined to proceed with Middle East Command proposals: Britain has stressed its determination to proceed with the establishment of a Middle East Command and is now apparently willing to urge the Arab states to collaborate in the proposed defense organization. The initial British reluctance to approach the other Arab states on this question had been based on a desire not to appear too eager for Arab support and on the impression, gained from the tripartite military talks in Ankara, that Turkey was less interested in the Middle East Command than in NATO. [REDACTED]

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